

Message Text

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TO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

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PARIS FOR ASST SECRETARY ENDERS

LONDON FOR DEPUTY ASST SECRETARY KATZ

FOL REPEAT OF STATE 152414 TO BRUSSELS CARIO OECD PARIS ROME
JUN 28

QTE:

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E.O. 11652: N/A

TAGS: EFIN, ENRG, NA

SUBJECT: PROPOSED FOURTH COMMISSION ON MONETARY AND
FINANCIAL ISSUES

REF: OECD P 15432, OECD P 16528

ROME PASS ASSISTANT SECRETARY ENDERS
CAIRO PASS UNDERSECRETARY ROBINSON

1. AT THE JUNE 11 IEA GOVERNING BOARD MEETING, CHAIRMAN
DAVIGNON ASKED THE USG TO DRAFT A PAPER ON THE PROS AND
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CONS FROM THE INDUSTRIAL COUNTRIES' VIEWPOINT OF A
FOURTH COMMISSION ON MONETARY AND FINANCIAL ISSUES.
FOLLOWING ARE PRELIMINARY VIEWS OF USG ON THIS QUESTION.
EMBASSY BRUSSELS IS REQUESTED TO PASS FOLLOWING TEXT TO

DAVIGNON FROM ASSISTANT SECRETARY PARSKY. PLEASE PASS ALSO TO VAN YPERSELE. BEGIN TEXT: 1. MR. CHAIRMAN, YOU ASKED ME TO LOOK INTO THE ADVANTAGES AND DISADVANTAGES OF SETTING UP A FOURTH COMMISSION, INTENDED TO DEAL WITH THE MONETARY AND FINANCIAL ISSUES IN THE RELATIONSHIPS BETWEEN THE LESS DEVELOPED AND THE DEVELOPED COUNTRIES. I AM PLEASED TO SHARE WITH YOU THE U.S. VIEWS ON THIS QUESTION.

2. WHILE THE ESTABLISHMENT OF SUCH A COMMISSION MIGHT IMPROVE THE ATMOSPHERE FOR THE WORK OF OTHER COMMISSIONS OF INTEREST TO THE INDUSTRIALIZED COUNTRIES OR RELIEVE BURDENS ON OTHER COMMISSIONS, THE DISADVANTAGES FROM THE STANDPOINT OF THE IEA COUNTRIES APPEAR TO PREDOMINATE:

(A) A FOURTH COMMISSION WOULD GIVE THE PRODUCER COUNTRIES MORE OPPORTUNITY FOR USING THEIR OIL LEVERAGE IN BARGAINING ON MONETARY AND FINANCIAL ISSUES.

(B) THE EXISTING INSTITUTIONS ARE FULLY REPRESENTATIVE ORGANIZATIONS, MANAGED BY COMPETENT AND EXPERT GROUPS BOTH AT THE LEVEL OF EXECUTIVE DIRECTORS AND AT THE POLITICAL LEVELS.

(C) A FOURTH COMMISSION WOULD DUPLICATE CURRENT EFFORTS OF OTHER BODIES ON MONETARY MATTERS. IT IS EXPECTED THAT THE COMMISSIONS ON COMMODITIES AND DEVELOPMENT WOULD NOT DUPLICATE THE WORK GOING ON IN OTHER FORA, BUT WOULD SUPPLEMENT AND PERHAPS GIVE ADDED IMPETUS TO THIS WORK. ALTHOUGH A GREAT DEAL OF WORK ON COMMODITIES AND DEVELOPMENT IS GOING ON IN OTHER FORA, SUCH AS IN UNCTAD AND THE U.N. GENERAL ASSEMBLY, SUCH GROUPS ARE LARGE AND HAVE A WIDE RANGE OF RESPONSIBILITIES. EVEN THE EXISTING COMMODITY GROUPS, SUCH AS THOSE FOR COFFEE, COCOA, TIN, HAVE LARGE MEMBERSHIPS. RESTRICTED BUT REPRESENTATIVE LIMITED OFFICIAL USE
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GROUPS ON COMMODITIES AND DEVELOPMENT, AS HAVE BEEN PROPOSED, COULD BE EXPECTED TO MAKE A CONTRIBUTION TO THE WORK ON THE TOPICS IN QUESTION AND TO FURTHER THE MUTUAL INTERESTS OF ALL COUNTRIES, DEVELOPED AND LESS DEVELOPED. THE SAME JUSTIFICATION DOES NOT HOLD, HOWEVER, IN THE CASE OF WORK ON THE INTERNATIONAL MONETARY SYSTEM, WHERE PROGRESS IS WELL ADVANCED IN THE CONSIDERATION OF SYSTEM MODIFICATIONS, INCLUDING A PROPOSED DOUBLING OF THE VOTING SHARE OF OPEC. THE INTERIM COMMITTEE HAS REPRESENTATIVES OF OPEC AND OF OTHER DEVELOPING NATIONS AS WELL AS OF INDUSTRIALIZED COUNTRIES. IT IS NOT CLEAR HOW AN ADDITIONAL GROUP COULD AID THIS EXISTING GROUP IN RESOLV-

ING THE DIFFICULT TECHNICAL QUESTIONS CONCERNING THE
INTERNATIONAL MONETARY SYSTEM.

(D) TO THE EXTENT THAT A FOURTH COMMISSION MIGHT BE
EXPECTED TO DELVE INTO THE FINANCIAL ISSUES INVOLVED IN
THE TRANSFER OF RESOURCES, IT WOULD BE DUPLICATING BOTH
THE WORK OF THE THIRD COMMISSION AND THAT OF THE DEVELOP-
MENT COMMITTEE ESTABLISHED BY THE IMF AND THE IBRD.

(E) IT IS NOT IN THE INTEREST OF THE INDUSTRIALIZED
COUNTRIES TO DISCUSS THE INDEXATION OF PRODUCER INVEST-
MENTS, WHICH IS A FINANCIAL QUESTION THAT THE PRODUCER
COUNTRIES WOULD BE LIKELY TO PLACE ON CENTER STAGE IN A
FOURTH COMMISSION. THE OECD TEMPORARY WORKING PARTY
REACHED A FIRM AGREEMENT TO THE SAME EFFECT. AS A MATTER
OF TACTICS, IT WOULD BE EASIER TO DEFUSE THIS ISSUE UNDER
THE THREE COMMISSION STRUCTURE.

3. WE BELIEVE THAT PROSPECTS FOR PROGRESS ON INTERNATIONAL
MONETARY QUESTIONS WOULD NOT BE IMPROVED, BUT RATHER
COULD BE SET BACK, BY THE ESTABLISHMENT OF A NEW GROUP IN
WHICH THE INFLUENCE OF THE INDUSTRIALIZED COUNTRIES WOULD
BE LESS THAN IT IS IN MONETARY INSTITUTIONS ALREADY
ESTABLISHED. END TEXT.

4. ACTION AMEMBASSY BRUSSELS; PLEASE ALSO PASS TO
DAVIGNON FOLLOWING MESSAGE FROM PARSKY: QUOTE DUE TO TIME
CONSTRAINTS, THIS REPORT ON THE PROPOSED FOURTH COMMISSION
HAS NOT BEEN CONSIDERED BY THE AD HOC GROUP AND THUS
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REPRESENTS ONLY THE PRELIMINARY VIEWS OF THE US
GOVERNMENT. TREASURY DEPUTY ASSISTANT SECRETARY SYMONDS
WILL BE PREPARED TO PRESENT THESE VIEWS ORALLY TO THE
JUNE 30TH - JULY 1ST MEETING OF THE GOVERNING BOARD. IF
THE GOVERNING BOARD BELIEVES IT WOULD BE USEFUL, I WOULD
BE GLAD TO REFER THIS REPORT FOR REVIEW TO THE AD HOC
GROUP ON FINANCIAL AND INVESTMENT ISSUES AT ITS NEXT
MEETING AND THEN REPORT BACK TO THE GOVERNING BOARD AT
ITS JULY MEETING. END QUOTE.

5. TO US MISSION OECD PARIS, ADVISE LANTZKE AND HOPKINS
OF FOREGOING. ALSO, IN EVENT DAVIGNON ALREADY IN PARIS,
PLEASE DELIVER ABOVE TEXT OF U.S. VIEWS AND PERSONAL
MESSAGE TO HIM THERE. PLEASE PASS IN ANY EVENT TO
TREASURY DEP. ASST. SEC. SYMONDS ON U.S. DEL ABOVE
TEXT WHICH HAS A FEW CHANGES FROM COPY HE IS CARRYING. INGERSOLL
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